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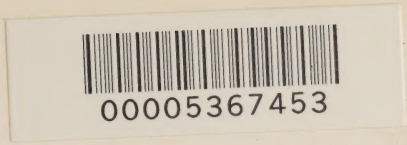
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R. J. Myers

Board of Arbitration

for the

Agreements Between the

Amalgamated Clothing Workers

and the

Chicago Clothing Manufacturers

(Preliminary Edition)

Decision of April 14, 1921

MAX STERN'S SONS COMPANY, PRINTERS

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Following precedent set at Hart Schaffner & Marx, in May, 1919, practically all of the manufacturers of men's clothing in the Chicago market entered into agreements with the Amalgamated Clothing Workers of America. In addition to setting up certain standards of wages, hours and working conditions, and making provision for the settlement of any disputes that might arise by impartial boards established for that purpose, these agreements incorporated an "emergency clause" under which the Board of Arbitration may, under certain conditions, make such changes in wages and hours as in its judgment shall be proper. This "emergency clause" reads as follows:

"If there shall be a general change in wages or hours in the clothing industry which shall be sufficiently permanent to warrant the belief that the change is not temporary, then the Board shall have power to determine whether such change is of so extraordinary a nature as to justify a consideration of the question of making a change in the present agreement, and if so, then the Board shall have power to make such change in wages or hours as in its judgment shall be proper."

On two occasions the Union has requested the Board of Arbitration, acting under this clause, to grant increases in wages. The first occasion was in December, 1919, when the Board granted a substantial increase. The second occasion was in July, 1920, when, because of the critical business situation, a further increase was denied. Now the manufacturers have come forward and requested a reduction in wages and the setting of more effective standards of production for week workers. Closely following upon a general conference, formal public hearings were held by the Board on March 28 and 29, 1921. At these hearings the Manufacturers were represented by Mr. Hotchkiss, Mr. Meyer, Mr. Abt, Mr. Howard, Mr. Todd, Mr. Gilbertson, the several members of the Market Committee and a number of other manufacturers and labor managers; the Union by Mr. Hillman, Mr. Wolman, Mr. Levin, Mr. Rissman, Mr. Marimpietri and others. Inasmuch as Mr. Meyer and Mr. Hillman, the other two members of the Board, acted as representatives of the respective parties at these hearings, the Chairman has found himself in the position of being obliged to accept responsibility for the decision herein rendered.

I. The Requests Presented by the Manufacturers.

The specific requests presented to the Board by the Manufacturers read as follows:

"We respectfully request the following readjustments, and we ask that they be put into effect immediately after the conclusion of these proceedings:

"1. A flat reduction of 25 per cent in the wage scales throughout the market.

"2. A reduction to the ready-made market norm of all sections or operations, the earnings in which are found to be substantially above the market norm after the 25 per cent reduction above mentioned.

"3. Provision by the Board of Arbitration for automatically enforceable standards for week workers, in accordance with that clause in the Agreement which undertakes to guarantee such production, and which provision has hitherto not been enforced."

As understood by the Board, the requests are (1) for a flat 25 per cent reduction of all wages and piece rates; then (2) for a levelling down of those piece rates which yield earnings per hour substantially in excess of certain sums, unless the earnings are due to unusual efficiency; and finally (3) for a different and more effective system of standards of work in cutting and trimming rooms.

These readjustments are requested for all of the houses within the jurisdiction of the Board, and their several contractors.

II. The Main Points Made by the Manufacturers in Support of Their Requests.

The Manufacturers have presented a brief containing a statement of fact and a large amount of statistical data and have advanced and emphasized several arguments in support of these requests. The following summary, though it cannot do justice to the presentation of their case, must suffice.

1. For almost a year the clothing industry has suffered from acute depression. The manufacturers have taken large losses and have pared down to the bone all items of expense except direct labor costs which have been beyond their control. The direct labor costs have not been reduced, but have in fact been increased because, with the small volume of production, the week workers as a whole have done less work for a fixed amount of pay. By reducing wages and profits the textile manufacturers have been able to reduce their prices, with the result that the cost of materials has been reduced about 37 per cent. Materials used normally amount to about 36 per cent of the cost of manufacturing clothing.

so that in the total cost of manufacture (overhead and other items included) there has been a saving of some 13.32 per cent. The retailers have now done their part. Hence at every point from raw materials to the retail trade, except in direct labor in clothing manufacture, deflation has occurred. This exception must be eliminated. The manufacturers have waited patiently for months and now ask for a reduction.

2. The manufacturers' costs are too high. They must be reduced and a proper balance restored as a condition of return to normal business and a fair relationship. This is the most emphasized reason for the requests presented. "We base our request for a reduction upon necessity in the interests of all parties of stimulating a revival of business." "The reduction we have asked, in our judgment, is the least with which we can face the public with a fair expectation of a favorable response."

3. Labor costs must be reduced, first of all, by securing effective standards of production for week workers. "We regret to be obliged to register the fact that the performance of some of our week workers has not been satisfactory. Large numbers of these workers, operating under accepted standards of production, have persistently fallen so far below these standards as to burden the plants in which they are employed with a large amount of unnecessary cost. The third item in our requests . . . refers to this situation, and is a matter upon which the Board should take immediate and effective action."

4. Labor costs should be reduced, in the second place, by equalizing downwards the high peaks. The contention with reference to this is summarized as follows: "Inevitably in the process of adjustment from time to time, there have developed in certain houses, and in certain sections, maladjustments, which may be fairly considered as historical accidents. There are individual houses in the market that have been so burdened by the result of direct action and unwise concessions during the period of labor shortage that there seems to be no way to continue in business on a reasonable basis, except through a more drastic reduction of labor costs than can be brought about through the market adjustment we are asking. There are also individual sections in the market that constitute just cause for discontent on the part of workers, who are doing work of equal difficulty at smaller rates of pay. . . . In any arrangement, such as the one under which we are now working, there must be some fair basis of justice as between different individuals and differents groups."

5. In the third place, labor costs should be reduced by a gen-

eral flat reduction of 25 per cent. A distinction must be made between (a) the rate of pay and (b) earnings, for earnings depend upon the amount of employment as well as upon the rate of pay. It is contended that the proposed reduction would so stimulate sales and enlarge the volume of business that the workers' earnings would not be reduced but increased. A careful study of the facts "has convinced us that the readjustments asked for are absolutely necessary as a basis for return to normal business, and, consequently, to normal employment." "Our proposal is not to reduce the size of the pay envelope for we firmly believe that the effect of the readjustment of wage rates to the changed industrial conditions will be to increase the size of the pay envelope." "What we now propose is to create conditions under which we may hope to market our products, do a normal amount of business on the basis of a fair return to the different contributing factors, and give our workers, on a fair basis of compensation, a normal amount of work. That this will greatly increase the aggregate amount that goes into the pay envelopes of the workers there can be no doubt," for (a) the "buyers' strike" of last year against the high prices of clothing was not without a connection with the award of higher wages in December, 1919, (b) sales managers and others in close contact with the buyers of clothing are convinced that the volume of sales the ensuing season will be greatly influenced by the judgment of the public as to how honestly and sincerely all the production factors have deflated their costs, and (c) special price sales show conclusively that the public even now responds when they believe that prices are as low as they can be made.

6. Though it is not their main contention, the Manufacturers contend that the general market reduction asked for is warranted by the decrease in the cost of living already taken place or in early prospect. From June, 1920, to February, 1921, conservatively estimated, the cost of living in Chicago fell 15.8 per cent. It has fallen materially since February and the continued fall in wholesale prices of food and other commodities will be followed by further decreases in retail prices. It is true that rents will be increased some 20 per cent in the near future, but these account for less than fifteen per cent of the cost of living, so that this increase will not have much effect upon the cost of living as a whole. "Even though we should be disappointed in our hope of increasing earnings by the reductions asked, we should still be within the limits of justice if we based our requests on the cost of living alone."

7. The workers in the industry have since 1915 received such great increases in wages and now realize such high earnings that they can easily stand a reduction. "The rise in this industry has been so much more rapid than the cost of living that even though prices had remained at the peak of last summer, a reduction of 25 per cent would still leave the workers enjoying a greatly advanced standard of wages as compared to those in other industries. For, while their wages have increased 254 per cent since January, 1915, the cost of living has increased but 114.6 per cent (in Chicago). A reduction of 25 per cent would mean a net advance of 164 per cent in money wages." That wages have increased 254 per cent is shown by the data supplied by a ready-made house cited as typical. There "men are now averaging $46.23 per week against $15.16, January, 1915; women $34.73 now, against $8.82 then. The combined average is $41.07 now, against $11.60 then." Moreover, wages in the clothing industry have increased more rapidly than in any other. Even in the organized trades, according to the Bureau of Labor Statistics, wages increased on the average only 85.3 per cent between 1915 and 1920. Again, as against average earnings of $1.10 per hour of men in the tailor shops of Chicago, the Industrial Conference Board reports averages for men in furniture manufacture as $.463; cotton manufacture, $.512; paper manufacture, $.521; hosiery and knit goods, $.564; wool manufacture, $.577; metal manufacture, $.60; leather, $.607; silk manufacture, $.608; boots and shoes, $.624; chemical manufacture, $.652; printing, $.662; and rubber manufacture, $.839. Furthermore, if these comparisons are objected to because the Industrial Conference Board's data are drawn from all parts of the United States, data supplied to the Board of Arbitration show that wages are very much higher in the clothing trade than in those branches of employment in Chicago employing the same classes of labor as the clothing industry and in which, presumably, the workers would seek and find employment if they did not find place in the clothing industry. Finally, the industry is exceptional in the relatively large number of young persons and of persons without dependents, so that needs are not so great as in other industries. In a typical establishment (with some 2,000 workers) 31 per cent were found to be under 25 years of age, 57 per cent under 30 years of age, and 80 per cent under 40 years of age. In another establishment (with some 3,200 workers) 20 per cent were under 20 years of age, 42 per cent under 25 years of age, and 80 per cent under 35 years of age. Of this second group, an enquiry into conjugal condition and offspring showed that 51 per cent had no dependents,

16 per cent wife only, 20 per cent wife and one or two children, 10 per cent wife and three or four children, and 3 per cent wife and five or more children.

8. Wages have been reduced in many other and less well paid industries. For example, in the textile industries the reductions have generally been 22½ per cent; in the packing trade 12½ per cent; in the manufacture of agricultural implements from 5 per cent up to 20 per cent. It is true that in most of the instances cited the industries are unorganized, but there are several instances in the organized building trades, the shoe industry, and the clothing trade where reductions have been made, some of them by agreement, some at the request of the workers in order to increase employment, and some by boards of arbitration. Moreover, in many instances new and lower hiring rates are being used, a method of wage reduction not available in the organized clothing industry.

III. The Union's Position Summarized.

The main contentions of the Union, as presented in briefs and at the public hearings, may be summarized as follows. As far as possible its claims have been arranged so as to parallel those made by the Manufacturers.

1. Labor in the clothing industry has already been deflated, first by suffering unemployment, and second by suffering reductions in earnings per full time week.

2. Workers cannot be expected to share losses of employers except where they have agreed to share in profits. No such agreement exists in this industry.

3. The purpose of labor deflation is said to be to reduce prices and to increase the volume of business. The employers have not proved that labor deflation would accomplish these purposes.

The depression through which the clothing industry has just passed is part of a general business depression due to a great complexity of causes, both domestic and foreign. Any measures taken in the clothing industry alone give no assurance of business revival in this industry. The business of the clothing industry depends upon general business conditions in the country.

When the clothing manufacturers ask for a reduction in the cost of clothes, they must have in mind some standard cost at which it will be possible for them to market a considerable output. An analysis of the cost figures submitted by the employers shows a great diversity in costs of different houses. The employers have not indicated what they consider a proper cost at which they can market their output. What is proper for one house would be

improper for another. In fact on the showing of some firms it would take an enormous reduction in wages, assuming the figures to be correct, in order to eliminate the loss under which these firms say they are now operating.

The Union contends that the only issue with regard to costs relates to the fairness of the present general level. The figures the manufacturers have presented show that the present costs in this market are fair. They are fair because even after the reductions which employers say they have made in other items of cost, direct labor cost still remains for ten of fourteen houses reporting, less than thirty per cent of the total cost of manufacturing. Even if these figures for 1921 are not directly comparable with those of 1915, they still show very little change in this period of six years in the relation between direct labor cost and total cost.

Moreover, it does not follow that any lower cost would be a fair cost. The industry is under obligations to its workers to assure them a decent standard of living. It may very well be that a reduction in costs would reduce the price of clothes but it is open to question whether either the reduction in cost or reduction in price would yield a cost and price fair either to the workers or to the industry.

Assuming that a reduction in wages will lead to a reduction in price, it is nevertheless true that stimulation in buying will come not as a result of a series of continuous reductions in prices but with the restoration of confidence in the minds of consumers. The consumers must be assured that prices are now stable and that the product is being sold at a fair level. It is the Union's position that prices based on the present level of costs in this market are as fair as they can be made without reducing labor's standards won after hard fights and at great expense.

4. There is no reason to expect that if a cut is made at the present time, there will be a substantial increase in the volume of business resulting from the cut.

Evidence submitted by the manufacturers of the opinions of sales managers and of the results of special price sales is not conclusive because it does not follow that an increase in the sales of an individual resulting from a price cut means an increase in the business of the whole industry resulting from a similar cut. A year ago in the clothing industry, according to statements of the employers, the price of clothes was considerably higher than it is now. Labor cost at that time was either the same or slightly different from what it is at the present time. The differentials that existed in 1920, between labor cost and price did not redound to the

advantage of labor. There is no reason why any differential which exists at the present time should redound to the disadvantage of labor.

5. The question of week workers' standards (cutters' standards) is now under consideration by the Board of Arbitration.

6. Changes in cost of living can be invoked as the basis of wage adjustment only if there has been some agreement with regard to the standard from which changes in wages are to be measured. No such agreement exists between manufacturers and the workers.

Wage adjustments in the past in this industry have not rested on changes in the cost of living at all. They have been due to attempts by the workers to raise their standard of living. An adjustment now on the basis of a change in the cost of living means a reduction in the standard of living, and not the maintenance of a standard agreed upon. There is here, in other words, a request not for a correction or a change in the purchasing power of the dollar, but a revision downward of the standard of living.

In any event, there is no warrant for measuring changes in cost of living from June, 1920, for no adjustments in wages of clothing workers were made in the period of December, 1919, to June, 1920, when the cost of living was rising rapidly.

With a proper allowance for rent, the cost of living in May, 1921, according to the Union's figures, will be only three per cent below that of December, 1919—an insignificant change.

It is the Union's position in this matter that under no conditions are wage adjustments justified on the basis of very small changes in an index number of the cost of living, first because these changes are not likely to find any counterpart in the actual experience of the workers, and second because there are too many debatable elements in the constitution of an index number of the cost of living to warrant its use with such refinement and precision.

The prospect for the future is for rising prices, particularly of food, first because of the proposed tariff on foods, and second because of the abnormally low point now reached in the price of staple foods in this country. Such a rise is already forecasted in the index number for the wholesale prices of food, prepared for the past ten weeks by the Annalist. A further evidence of the probability of a price rise is indicated by the fact that where liquidation has run its course, there are already rises in wholesale prices, e. g. wool, woolens, silk.

From the standpoint of the Union, it is clear that a reduction in wages at the present time would mean cutting the workers' standards of living. This imposes on the Union a task of consider-

able difficulty for the simple reason that for persons with initially low standards it is much more difficult to cut standards than to raise them.

7. The demand of the employers is for a decrease in the wage rate. All wage adjustments in this industry have been adjustments in wage rates. The figures presented by the employers of official increases in Hart Schaffner & Marx from 1917, to date show, even including adjustments due to changes in hours, that the wage increases have lagged enormously behind the cost of living. What is true of Hart Schaffner & Marx would be true to even greater extent of the rest of the market because several of the Hart Schaffner & Marx increases were cumulative, whereas the increases granted in the general market were in the form of bonuses and were not cumulative.

Increases in earnings are not relevant to the present arbitration because the changes in earnings are due to changes in output and in efficiency, as well as to rate adjustments. The granting of a wage cut at the present time because of increases in earnings not due to increases in wage rates, but to advances in efficiency and in output, would place the Board of Arbitration in the position of first penalizing zeal on the part of individual workers and second of adopting the definite principle that the gains due to increased industrial efficiency should redound wholly to the benefit of the employers and not at all to the benefit of the workers.

The figures presented by the employers showing the enormous increase in earnings are not a fair indication of a change in earnings, first because they refer to only one or two houses, second because the weeks chosen are not typical, and third because the base chosen is abnormally low.

It cannot be proved that wage increases were more rapid and higher in the clothing industry than in other industries. In the first place, the industries compared by the Manufacturers differ with regard to the proportion of workers who are members of trade unions. In the second place, the systems of gathering wage data differ from industry to industry. Third, one cannot tell whether the comparisons that are made are comparisons of wage rates or actual earnings. What happened to earnings no one knows. The acceptance of these comparisons by the Board of Arbitration would mean a general agreement as to comparability of statistical data for which there is no reason whatsoever.

Wages are not higher than in other organized trades in Chicago. Such a comparison is difficult but the Union submits data on this subject.

8. The number of persons dependent upon clothing workers for full or partial support is much greater than that indicated in the figures presented by the employers. The Union has made an independent investigation of this matter. The results are necessarily incomplete but they point to widespread existence of drains on workers' incomes which are characteristic of conditions among workingmen.

9. The industries in which wage cuts have been effectively made are for the most part unorganized industries, with which no comparison can fairly be made. Except for sporadic instances in small places, highly organized industries and trades have resisted wage reductions. In some cases they have found it necessary to strike. In other cases wage reductions have not even been proposed.

Moreover, the assumption behind the citation of wage cuts in other industries is that price reductions in other industries could not have been made without such cuts. Otherwise none of this material would be relevant to the present case. No one would propose cutting wages unless the cut was absolutely necessary. The employers have submitted no evidence to support this contention. Because of the great variety in percentage cuts in the textile industry alone, and because of the prosperity of this industry and of others in the past few years, the Union submits that the necessity for wage reductions has not at all been established.

The Union points out further that in many industries in which wage cuts were made, substantial increases were granted in 1920. In this year, however, an increase was denied to the clothing workers of Chicago. The effect of the wage reductions in such industries has therefore been to take from them only the increase which they received in 1920, when the clothing workers were not so favored.

10. It should be remembered that progressive standards for workers come generally through the maintenance of gains earned in periods of business activity. Unless such gains are held when business is dull, there can be no hope for progress among workingmen.

11. All signs point to the existence of a business revival in the clothing industry at the present time and to a continuance of that revival over an indefinite period. While newspaper comment must be discounted, there can nevertheless be no doubt that the general tone of optimism is much more decided now than it was two months ago. Indeed what is now taking place in the clothing industry is evidence of the accuracy of the predictions made several months ago of a general business revival and of a revival

in the clothing industry. While the early figures for orders submitted by the manufacturers were not favorable, later data bringing this material up to March 15, 1921, indicate that business activity had set in.

All signs, so far as general business is concerned, point to the existence of a similar business revival. Banking statistics point to the end of the depression. The same is true of statistics of business failures.

12. Under the operation of the agreement, the Union has made contributions to the efficiency of the market for which it feels it should receive compensation. Co-operation of workingmen cannot be asked if the workingmen are led to believe that the results of this co-operation will bring them no advantage. There is no doubt that the Union position with regard to the introduction of piece work and the introduction of machinery has made possible with least friction substantial reductions in the cost of producing clothes. Of such reduction the members of the Union should receive some part.

13. In periods of rising prices and of business activity the Union has exercised its powers of discipline over its members, and has restrained them from accepting substantial increases in wages which they could have received with great ease and which indeed were frequently offered by the employers themselves. The agreement has therefore operated in such periods so as to stabilize the market and reduce labor turnover. The Union feels that in return for the stability and restraint granted in periods of business prosperity, the members of the Union should be assured by the agreement the same stability and protection against instability when there is a business lull and when the market is falling. It would be entirely natural for its members to feel that an agreement which made for stabilization in periods of business activity when they were asked to make sacrifices and which did not ask the same sacrifices of manufacturers in periods of business depression, was unfair to them. It would be unfortunate indeed if the workers were made to feel by a decision that the Board of Arbitration employed double standards.

14. In practically all of the adjustments in wage rates made in this market, the higher priced workers have always taken very low increases, since it was the Union policy to use the official increase granted to it to raise the exceedingly low levels of the most poorly paid workers. A wage reduction at the present time, therefore, would have the double effect, first of reducing the standards of the low paid workers whose standards were for the past

six years raised only after considerable effort, and in the second place of reducing the standards of the more highly paid workers whose wages never advanced nearly so rapidly as did the cost of living, and whose wages therefore at the present time should not be reduced because of a slight downward trend in the cost of living.

15. Finally, the Union questions the power of this Board, acting within the existing agreements, to make a wage award unless there has been "a general change in wages in the clothing industry." It contends that no such general change has taken place.

IV. The Right of the Board of Arbitration in this Case.

This last contention of the Union was not presented until after the preliminary conference and the public hearings had been held. The Union did not present it earlier because of the feeling that in any event requests should be accepted and an investigation made. The Chairman in the interest of best procedure wishes, however, to make the observation that investigation should not be merely for the sake of investigation, but with the end in view of taking appropriate action, and that when a question of power or right is in doubt, it should be cleared up by a ruling first of all.

Has the Board, acting under the "emergency clause," power to render a decision granting a reduction in wages in this case?

The emergency clause was developed in the Hart Schaffner & Marx agreement and was copied with slight revision in the other agreements under which this Board acts. The Hart Schaffner & Marx agreements were entered into for periods of three years each, and it was felt that it should be possible to make changes in wages or hours by arbitration decision when needed because of changes in wages or hours in the rest of the Chicago Market or elsewhere in the clothing industry. Hence the original "emergency clause."

In so far as the Chairman is informed this emergency clause was employed only once at Hart Schaffner & Marx before the general market was organized. On that occasion the Union requested an increase in wages on the ground that the cost of living was rapidly rising and undermining the workers' standards of living and on the further ground that wages had been generally increased in the market. In his decision (May 1, 1917) the Chairman of the Board found that both assertions were true and granted an increase.

Since the general market became organized the power of the Board to act under this emergency clause has been questioned on two occasions. The first of these was in December, 1919, when the Union requested a general increase. The then Chairman found

that there had been substantial increases in wages in practically all of the important clothing markets, and therefore held that there had been "a general change in wages in the industry" "sufficiently permanent to warrant the belief that the change is not temporary," and hence that the Board had power to "make such changes as it shall judge to be proper."

The second occasion was last June when the Union requested a further increase in wages to offset the increase in the cost of living since the preceding December and to improve the standard of living of its members. The Manufacturers contended that no emergency existed of the sort for which the emergency clause provides. The Union, on the other hand, showed that changes in wages were under consideration in other markets and argued for a broad interpretation of the emergency clause. The then Chairman of the Board ruled "that the purpose of the clause was to provide flexibility and a safety valve; and that in construing the clause the principle of broad, rather than of narrow or technical interpretation should be used." He then proceeded to hear the case with the end in view of rendering such decision as he deemed proper.

It is evident that the circumstances in the first two of the three cases cited do not furnish close parallels to the case now presented to the Board. The third case, however, does furnish a close parallel, with the main facts in the situation reversed. Then the cost of living had increased; now it has decreased. Then there had been business prosperity so that the workers felt they were entitled to some improvement in the standard of living; now there has been business adversity and the manufacturers feel that an adjustment should be made. Then hearings had been held in Baltimore and Boston where requests had also been made for wage increases, but, except in certain Canadian cities, no award had been made; now hearings have been held on a request for a wage reduction in Rochester and reductions have been made in the relatively unimportant centers of Cleveland, Toronto and Montreal.

The parallel between this case brought by the Manufacturers and that brought by the Union last summer is so close that the ruling called for in the one would seem to be that made in the other. Moreover, the Chairman feels that in these days of rapid change "flexibility and a safety valve" are very necessary. He shares fully the opinion of his predecessor with reference to this. Sometimes a broad, non-technical interpretation is to the advantage of one side and at other times it is to the advantage of the other, but in the long run it is best for both and for the agreement. Finally, if the Union's present position were accepted, it would

always be necessary for the workers and manufacturers in Chicago, now the largest market, fully organized, and under one industrial government, to wait until something had been done in one or more of the other markets, before the Arbitration Board could decide a question of wages at issue. The Chairman, quite independently of the case in hand, feels that such procedure would be unfortunate.

The Chairman therefore rules that the Board has power under the "emergency clause" to render a decision in the case before it.

V. An Examination of Some of the Claims Presented.

The Chairman of the Board has examined and carefully weighed the claims and data presented by Manufacturers and Union and has himself collected considerable data for his guidance in arriving at a decision. However, before setting out the decision arrived at and the reasons for it, he wishes to make some observations bearing upon some of the claims as summarized above.

1. The partial data presented by the two sides do not accurately present the gains and condition of workers in respect to wages and earnings in this market.

The gain of 254 per cent in **earnings** realized since January, 1915, by the workers in the third largest clothing house in the market does not present an accurate picture of **wage increase** for a number of reasons. (a) Since 1915, and even within the last eighteen months, there has been a considerable extension of piece work effected with the co-operation of the Union. Piece rates are usually conservatively made but are of course so fixed that the workers will obtain a considerable gain in earnings in compensation for the additional effort they put forth. (b) The largest house in the market shows smaller increases in earnings so that the house cited by the Manufacturers is probably not typical. (c) The level of 1915 (an average of $11.60 per week), was a low one from the point of view of proper earnings, and a percentage of increase depends quite as much upon the initial as upon the final figure.

Nor are the comparisons of increases in the clothing and other industries well taken. Some of the comparisons are made between industries almost entirely without organization at the beginning of the period used. More recently the clothing industry has benefited by becoming organized while these others have remained without any corresponding change. Moreover, these particular comparisons begin with a time when the clothing industry was generally recognized as the least well paid of all industries of importance. Another comparison made is between increases in the clothing and in organized trades reported on annually by the

Bureau of Labor Statistics. It is a comparison between an industry that was unorganized and then became organized, and trades organized and, presumably, with tolerably satisfactory standards of wages all the while. Moreover, it is a comparison of earnings influenced greatly by an extension of piece work in the clothing industry with wage rates reported to the Bureau of Labor Statistics.

On the other hand, the increases in wage rates which have taken place in the largest house (cited by the Union) understate the increases which have been made in the market as a whole, because many houses were not on a competitive level and had to make substantial adjustments. Moreover, some of them competed for labor by increasing wages in various sections.

The Chairman presents the following summary as the best statement he is in position to make with reference to the matters at issue.

Before the agreements other than that with Hart Schaffner & Marx were entered into, substantial increases in wages were granted by the several manufacturers. Omitting reference to special increases granted to certain groups of workers, there were a number of general increases, amounting to about 40 per cent all told and added to wages as of 1916. These advances in the general market closely paralleled advances made by Hart Schaffner & Marx. Then, in 1919, when the several agreements with the Union were signed and the market generally became organized, further increases were provided for, these being based upon the total of original rates and the several advances already made. The increases to piece workers provided for by agreement were twenty per cent (20%) where the sections earned not to exceed $28; fifteen per cent (15%) where they earned from $28.01 to $37.00 inclusive; and ten per cent (10%) where they earned $37.01 or more per week of 44 hours. In general, cutters received an increase of $5.00, this bringing them to a minimum of $37.00; trimmers received $5.00; and other week workers, except learners employed less than three months in the trade, the same sum. These increases agreed upon became effective as of June 1, for the Wholesale Clothiers and as of July 1 for the Tailors-to-the-Trade.

During the summer and early autumn months of 1919, certain wage adjustments were made in order to stabilize the market. In some houses a few, in other houses a considerable number of rates were advanced. There was also some individual bargaining in some of the houses. Then in December, the Union, presenting data relating to the increased cost of living and increases in wages in the other clothing markets of importance, and contending that the

standard of living should not only be maintained but should be raised, sought a general increase. This the Board of Arbitration granted because of the advances already made in other markets and because of the greater advances that might have been secured here by shop bargaining and otherwise had the Union not exercised its power in the interest of a stable market. The increase granted was twenty per cent (20%) in the case of all week workers and piece work sections earnings less than $30 per week; $6.00 per week to all earning from $30.00 to $49.99; and five per cent (5%) to all week workers and piece work sections earning $50.00 or more per week. At the same time the minimum wage for cutters was advanced from $37 to $45 ($43 at once and $45 effective as of March 8, 1920), and a minimum wage of $16 and a scale were provided for apprenticed cutters. Finally, underpaid piece work sections were levelled or brought up to certain "norms," and "norms" or averages were set for tailors ($40), bushelmen and examiners ($39) and bushel girls ($29). The expectation of the Board was that the total effect of the award would be to increase wages of the workers about twenty per cent, some receiving more than this and others as little as five per cent. It appears, however, that the average increase varied between 17 per cent in one house and 26 per cent or more in another and that the average increase for the market was one or two per cent greater than the twenty per cent just stated. With these adjustments effected, few increases in wages or piece prices were made except for increased efficiency or to offset changes in work, for an organized effort was exerted to hold the market stable.

On July 1 and 2, 1920, the Board of Arbitration held hearings for the consideration of a request made by the Union for a further increase to offset the increase in the cost of living which had taken place since the preceding December, and to improve the standard of living. Because of the business situation which had developed the request was denied. The Board ruled that wages should be neither increased nor reduced. With this ruling wage rates and piece prices have to date remained fixed at practically the level attained under the award of December, 1919, with its supplements.

With (a) the advances in wage rates and (b) the much wider application of piece work in the market, the earnings of the workers have become high as compared to earnings in unorganized industries and as compared to earnings in the clothing industry three or four years ago. Data drawn from typical houses by the representatives of the manufacturers and submitted to the Board show for very good or the best successive four weeks (in each house) average earnings for a 44-hour week as follows:

	Men		Women	
	Piece Work	Week Work	Piece Work	Week Work
Coat shops	$51.75	$40.59	$36.28	$27.52
Pants shops	52.20	37.65	37.44	26.57
Vest shops	51.19	41.57	32.63	29.57
Average	$51.79	$40.30	$36.13	$27.48
Average for all workers (based upon 11,500)	$48.44			$34.31

These averages of course show **earning power** with full and uninterrupted employment for 44 hours per week and with approximately 71 per cent of the men and 79 per cent of the women on piece work and applying themselves intently and working rapidly as piece workers do. They are averages only and behind them, as would be expected, are great diversities of earnings by occupations —the extremes for men in the ready-made coat shops, for example, being $55.04 for sleeve sewers and $24.50 for finishers on week work, and $59.09 for edge pressers and $30.20 for a finisher on piece work; for women, $41.25 for button hole makers and $18.31 for basting pullers on week work, and $52.94 for sleeve sewers and $23.62 for basting pullers on piece work. Moreover, the averages presented are drawn from the tailor shops only; cutters and trimmers and their apprentices, ticket sewers in cutting rooms, spongers, machinists and others, these aggregating an eighth or a seventh of the workers employed, are omitted from consideration. With minor exceptions, those mentioned are week workers, but taken as a group they have wages averaging about the same as those of their fellow week workers in the tailor shops.

The Chairman has collected data relating to wages paid week workers in other organized industries in Chicago and to the cost of living of different types.

In making wage comparisons he has compared weekly wages with weekly wages. Of course piece earnings are higher but in the clothing industry are in definite relation to existing week rates paid.

The wage data have been drawn from the ladies' branches of the clothing industry, the customs tailors, the printing trades, and many others. Space forbids the presentation of detail here. A careful comparison, with due regard for the types of workers employed and the conditions under which they work, shows that the standards set up in the clothing trade by agreement in the summer of 1919 were not high as compared with the standards maintained in the other organized industries of Chicago.

Similarly, from a knowledge gained by extensive investigation in another and earlier connection and from the studies made by other competent investigators, especially for the use of the various social or charitable agencies of the city, it has been found that in the typical cases the standards set up by agreement in 1919 were not high when tested by the cost of living of any type other than of the lowest.

The Chairman is therefore convinced that the standards set up by agreement in 1919 cannot be said to have been exorbitant and could not be regarded as having placed a tax or improper burden upon those served by the clothing industry.

2. Much has been said by both Manufacturers and Union as to the business situation, employment and profits and as to the effect of a reduction of costs of manufacture upon these. With reference to these the Chairman makes the following statement of fact and opinion.

During the life of the existing labor agreements the manufacturers have experienced their greatest business expansion and perhaps also their most serious business reaction.

From early spring, 1919 to April, 1920, there was a tremendous demand for clothing in spite of the increasing and, no doubt, profitable prices at which it retailed. While the business of the wholesale tailors merely held its own for the lightweight season of 1920 as against the lightweight season of 1919, the orders received by the wholesale clothiers more than doubled. The weighted average of wholesale prices received by the latter group of manufacturers increased approximately $12.75 per suit, an increase of about 29 per cent. No inference should be drawn from this figure as to added profit realized for the increase in prices was accompanied by increased wages and prices of materials. And perhaps relatively more of the higher grade suits were sold.

Then a business reaction developed in April, 1920, and though the situation has improved, depression has not as yet disappeared. The development of this reaction is explained largely by a change in the attitude of the public towards clothing at the retail prices then prevailing. No doubt, the fact that the market had been pretty well saturated by liberal buying also enters into the explanation. But whatever the explanation, the number of orders received shrank, cancellations of orders became numerous, and much clothing delivered was returned to be disposed of at a loss. Then followed business depression in most industries with the result that the buying of clothing has been more closely limited to absolute needs.

This business reaction has begotten the keenest competition among manufacturers and has been accompanied by very sharp price reductions to stimulate buying, much selling at a loss, much short time work and unemployment and great loss of earnings by workers as well as of profits by manufacturers. Both the decreased volume of business and the loss of employment by workers during the latter half of 1920 are indicated, though not accurately measured, by the reduced payrolls of typical houses, these doing the greater part of the manufacture in Chicago. As against a full time payroll represented by 100, the average in the ready-made coat shops for the first six months of the year was 93.5, for the second six months 64.3. The corresponding figures for the coat shops of the special order houses were 75.6 and 59.9. The figures for the other shops and the cutting and trimming rooms of the two classes of houses were quite similar to those for the coat shops.

Coming to the present light weight season, ten typical special order houses show for January, February and the first half of March this year 53.0 per cent as many orders as were received in the corresponding period in 1920 and 53.1 per cent of the number received for the corresponding weeks in 1919. The "bookings" of light weight orders (in terms of suits) by ready-made houses from October to March 15, 1921, have been practically 43 per cent of the "bookings" to the same date in 1920, when excessive orders were placed by retailers so as to secure deliveries to cover their needs, and 91.7 per cent of those for 1919, which season was somewhat depressed because of the uncertainty immediately following the ending of the war. A weighted average of the wholesale prices shows a reduction of about $10 from last year, this being a reduction of 23.2 per cent. This reduction has been covered in part by the reductions in the prices of materials, these reductions being estimated at 37 per cent. It has been partly offset, also, by the sale of relatively more of the cheaper grade of suits. On the other hand, with the reduced volume of business, the cost of "direct labor,' insofar as on week work, has increased in considerable degree, and the "overhead" and selling expenses have increased in very much greater degree. From data supplied by a large number of manufacturers in a form requested by the Board, it appears that with the changes in prices induced by keen competition and in costs of manufacture and sale, a large part, if not most, of the business is being done without profit and much more than normally is being done at a loss.

As stated above in the summary of the Union's contentions, in a large majority of the cases the direct labor cost is less than thirty

per cent of the total cost of manufacture. Any such percentage is, however, much affected by the volume of business and the method of valuing materials used and figuring general overhead.

What would be the effect of a reduction of wages on prices and the volume of business? Obviously it is a matter of opinion, but to a considerable extent opinion can be attached to experience. The Chairman's opinion has, of course, had much to do with the decision arrived at by him insofar as the request for a general reduction is concerned.

Though the clothing business shows improvement, it is far from normal as regards the volume of business and profits. Of course a reduction in wage rates would be followed by some increase in buying, if we may assume that any saving in labor cost will be passed on to the consumer. There is, however, no substantial reason to believe that a reduction of twenty-five per cent, as requested, would so favorably affect business that earnings would be maintained or increased because of the increased amount of work. Of course if one dealer cuts his price $5.00 and other dealers do not, he may greatly increase, even double, his sales. So may a manufacturer. But it does not follow that what one can do, all can do. In the one case the increase in sales results largely from diversion of business from others. In the other case it must come from the diversion of purchasing power from other things than the buying of clothing.

The fact is that the volume of business and the amount of work in the coming months will depend more upon what happens outside the clothing industry than upon what happens within it. If general business conditions improve materially, as many think they will and as there is much reason to think will be the case, there will be a good demand for clothing, for people will in that event have money to spend and will be of an optimistic frame of mind. If, on the other hand, there is widespread unemployment and reduced earnings in other industries, a great reduction in the cost of producing clothing would not make the clothing industry normal or anywhere near normal. In other words, there is much in the situation entirely beyond the control of the clothing industry. In fact the clothing industry is a very dependent one; very dependent upon the ups and downs in the general business situation.

Nevertheless, what happens within the clothing industry is also of importance in this connection. In the first place, it has been suffering for months from uncertainty as to what costs and prices were going to be and from a feeling that prices were going to be lower. This is clearly shown by the communications the manu-

facturers have received from retailers. There has been and is much waiting or "holding off" by consumers and retailers. Certainty as to costs and stability in the market would be helpful regardless of any change in costs and prices. But, it must be said that if costs were reduced but instability still continued because of unusually keen competition for business and price cutting, there would still be more or less waiting.

Moreover, whatever may be the merits of the case, there is a rather prevalent feeling that prices are too high and that something should be done and will be done to bring them down to that indefinite and undefined thing, a "fair level." The psychological effect of a readjustment in costs, provided any saving is not withheld from consumers, would have a favorable effect on the clothing business.

To an extent, therefore, the Chairman shares the views of the Manufacturers. A reduction in costs and prices should stimulate business to a certain extent. The Chairman does not, however, share the Manufacturers' view that a drastic reduction in wage rates would so stimulate business as to maintain or to increase earnings.

3. Much has been said by Manufacturers and Union relative to changes in the cost of living. The former have maintained that the reduction since the cost of living reached its peak in Chicago in June or July, last year and the further reduction in early prospect would warrant the reduction in wages requested. The Union, on the other hand, has maintained, among other things, that the reduction in the cost of living since December, 1919, when the Board of Arbitration made its award increasing wages, has been small and that there is no prospect of further reduction.

The Chairman, with some assistance, has devoted considerable study to the question at issue. The Bureau of Labor Statistics has published its estimates of the cost of living in Chicago as of June 15 and December 15 ,1919, and as of June 15 and December 15, 1920. It has also published its estimates of the one item of food monthly, ending with February 15 of this year. These estimates show a very material rise of 23 per cent in the cost of living between June, 1919 and June, 1920. Indeed the increased cost of living by June, 1920, had more than absorbed the average increase in wages awarded by the Board of Arbitration in December, 1919. Since June, however, the estimates show a reduction in the cost of living, this in Chicago approaching ten per cent by December 15 last, in spite of the increase in rents. The index number for food shows a further and a substantial decrease (8.5 per cent) to February 15 of this year.

Except for standard food articles there are no acceptable estimates of the changes in the cost of living in Chicago more recent than of December 15, 1920. There is at hand, however, much data relating to the trend of wholesale prices with which retail prices can be related, and the Chairman has obtained data on the increases in rents from a state investigation and from renting agencies, as well as from an investigation conducted by the Union. These data indicate that between December 15 and March 15, the cost of food had decreased about 12 per cent; the cost of clothing about 10 per cent; the cost of furniture and furnishings about 6 per cent; the cost of miscellaneous items about 3 per cent. On the other hand, there had been no particular change in rents or in the cost of fuel and light taken as a whole between these dates.

Using the above figures it is possible to construct an index number of the cost of living as of March 15, which will be roughly comparable to the index numbers provided by the Bureau of Labor Statistics. The Chairman has constructed such an index number. The Bureau of Labor figures, however, have more recently exaggerated the reduction which has taken place because they give the item of rent the same weight or importance it had in the spring of 1919, whereas the fact is that more importance must be attached to it for it has continued to increase while the prices of other factors in the cost of living have declined. Allowing for the increased importance of rent as shown by the investigations above referred to, the Chairman has arrived at the conclusion that the cost of living in Chicago was on March 15 of this year, some 4 or 5 per cent higher than in June, 1919, but some 8 or 9 per cent lower than in December, 1919, and some 14 to 15 per cent lower than in June, 1920. From all the data available he has also arrived at the conclusion that on May 1 the further increase in rents by 17½ to 20 per cent will practically offset the further reduction in the cost of food and other things between March 15 and that date. In other words, the cost of living May 1, will probably be practically the same as it was March 15. Beyond May 1, with prospective tariff changes and possible changes in the business situation, there is no certainty of further reductions in the cost of living for some time to come. It is indeed possible that the cost will increase somewhat.

The Chairman presents the above estimates as the best he can arrive at from the data available. Of course he realizes the room for error. He realizes also that the experience of many will not bear them out. Averages do not fit in accurately with the experience of every individual. He realizes, further, that with increased earnings or lower prices, peoples' standards change in many ways,

as they will and usually should, so that it will seem to them that there has been no change at all in the cost of living. Mark Twain said that "the cost of living takes all you've got and then some," and most people agree. Yet it takes more money at one time than at another to cover the cost of the same kind of living. It takes less now than it did in June, 1920, or December, 1919, but somewhat more than it did in June, 1919.

4. Other claims advanced can be more briefly disposed of.

The Union has referred to its co-operation in increasing efficiency and reducing the cost of manufacture by the more extensive use of machine methods and piece work. It has co-operated in these matters and should receive credit for its co-operation. Yet it should be said that such changes have been made according to certain principles developed in the market. Changes from hand to machine work are not made at the expense of the workers in the shop. Changes from week work to piece work are made on such terms that the worker is usually paid for his increased effort and the employer also makes some gain.

The Union has also contended that earnings of piece workers have been substantially reduced by the demand for more careful work than was formerly required. In some cases no such reduction in earnings is in fact found. In other cases, however, earnings have been reduced, either because of waiting in the shop or of more careful work, or both. In this connection it is sufficient to say that work is to be done according to specifications and the methods employed at the time piece rates are made, and if more work is demanded the Trade Boards are expected to see that justice is done by applying the principle of "payment in proportion to effort required."

VI. Decision With Reference to Request No. 1—For a General Reduction in Wages.

With reference to the first request made, the Chairman is of the opinion that we have had and still have in the clothing industry a condition of depression and a market situation which reasonably call for some readjustment of wages. He does not believe, however, that any such drastic reduction as that requested by the Manufacturers would be justified, for, as already indicated, there is no good reason for believing that a drastic reduction would not mean a substantial reduction in earnings. Such a drastic reduction would mean that the standards of wages set up by agreement in 1919, would be impaired. The Chairman is of the opinion that in the present situation these standards should not be impaired

because (a) they were set up by agreement by the parties in interest; (b) they cannot be said to have been exorbitant when tested by what organized workers of a comparable type received or by the cost of any socially acceptable type of living and therefore cannot be said to have placed a tax or improper burden upon those served by the clothing industry; (c) the workers cannot well be asked to accept losses which would in all probability accompany a drastic cut unless they are promised a share in profits when profits are very good.

The Chairman, in a general way, accepts the views of Mr. Roberts, who has been quoted with approval by the Manufacturers in support of their contentions that there must be a readjustment of wages. Mr. Roberts is quoted as saying "They (i. e. the wage earners) should not be asked to take lower money wages unless retail prices come down, so that the reduced wages will have about the same purchasing power." To make larger reductions generally in the process of readjustment is not only to undermine the standards of living of the workers, but also to undermine their purchasing power as consumers to the injury of business.

Any adjustment the Chairman orders will therefore be within the limits of the reduction in the cost of living and will not undermine the general standards set up by agreement in 1919.

This means that any reduction in wages must not be fully equal to the reduction in the cost of living since June or July, 1920, when that reached the highest level, for then the increase which had taken place had outstripped the increase in wages awarded in December, 1919. In other words, when put in terms of purchasing power, the wages of those workers who had not received individual or section increases, were then less than in June or July, 1919. Any adjustment on the basis of the cost of living must be made in view of wage changes and cost of living changes between June, 1919, or December, 1919 and the present time.

Those workers who have had the larger increases in the clothing industry of Chicago are better off by fifteen per cent or more than they were with equal employment in June or July, 1919, and eight or nine per cent better off than immediately after the wage award of December, 1919. Only a small number of the workers are less than ten per cent better off in respect to purchasing power of their wage rates than they were in June or July, 1919, and these are some eight or nine per cent better off than they were left by the award of December, 1919.

But should any gain obtained by the workers from the reduced cost of living be taken from them now? Is it not true that with

such gains standards of living change so that it is difficult to make a readjustment? Is it not by keeping such gains that the workers are able to make progress? Is is not true that the Union could have acted in such manner as to have obtained further increases in time of labor shortage? The Union has raised these questions in its argument.

With reference to the last of these questions it should be said that the Board in making its award in December, 1919, took into consideration what the Union had done to stabilize the market. Moreover, it was distinctly understood that when the low sections were levelled up all parties would hold wages and rates stable.

It is the opinion of the Chairman that some reduction in wages at this time will be of assistance to the market situation and the agreement. The welfare of the Agreement is, after all, a primary consideration. Moreover, a limited adjustment should tend to improve the condition in which the industry finds itself, so that the net loss, if any, to the workers in earnings should not be great. In these times of heavy taxation to carry and to pay off war debts and of need for rebuilding what the war destroyed, those who have tolerable wage standards cannot expect to make much net gain. Finally, those who have tolerable standards have some obligation to the many who do not but are dependent upon them for the necessaries and comforts of life.

For the above reasons the Board of Arbitration directs:

(a) That with the exception of those who came in the "five per cent class' under the award of December, 1919, and except for cutters, trimmers (other than shop trimmers), and apprentices, the wages and piece rates of the workers employed by the manufacturers within its jurisdiction, and also of those of the workers employed by the several contractors doing work for these manufacturers, shall be reduced ten per cent (10%), this reduction to become effective at the beginning of the pay roll week in each house on or following April 28, 1921. The wages of no week worker may, however, be reduced below the sum of $15.00 per week, which is the present minimum wage for learners in tailor shops and which is hereby continued in effect.

(b) That the wages of the workers or sections falling within the "five per cent class" under the award of December, 1919, shall be reduced five per cent (5%), effective as of date above indicated.

(c) That the norms for tailors, examiners, bushelmen and bushel girls shall be reduced by ten per cent, and, thus reduced, are continued in effect and shall be observed as hitherto.

The wages of cutters, trimmers (other than shop trimmers), and apprentices in cutting and trimming rooms are dealt with below.

Decision with Reference to Request No. 2—For a Levelling Down of "Peaks."

In order that information might be had with reference to the problem of peaks or unduly highly paid sections, the Chairman has requested each house to report to him in detail with reference to each such peak. These reports of a limited number of so-called peaks are now in his hands. Inasmuch as each case requires the most careful consideration before it can be determined whether or not any adjustment should be made, the Chairman hereby creates a commission consisting of Mr. Marimpietri, for the Union, and the labor manager for each house, and directs this commission to investigate and report to him on each such case. The cases will then receive such action as their merits and sound policy call for.

Decision With Reference to Request No. 3—For Automatically Enforceable Standards in Cutting and Trimming Rooms.

The agreements in effect stipulate "that good standards of workmanship and conduct will be maintained and a proper quantity, quality and cost of production will be assured." When the request for a general increase was presented by the Union to this Board in December, 1919, some of the manufacturers complained of reduced production by cutters and trimmers. To meet the problem presented the Board appointed a Commission to set standards of production, these to be submitted to it for approval. The Commission created, with the present Chairman of the Board as its chairman, except for Hart, Schaffner and Marx, made an investigation and set standards, usually by agreement of the parties in interest, in a large number of the cutting rooms. The task was not completed because of the pressure of other work, but the standards reported to the Board were approved by the then chairman and placed in effect.

By agreement between the representatives of the Manufacturers and the Union the Commission set not individual standards but standards in the form of an average for the cutters receiving the minimum or about the minimum wage set by the Board. Any changes in the wages of faster cutters were left to be made by individual bargaining, the understanding being that where an increase was granted, the expectation with reference to production should be made clear.

With reference to the operation of the standards set, the Chairman can speak from personal knowledge gained while chairman of

the cutters' commission and subsequently. In some cutting rooms the standards set have been observed and met when there was work on the floor. In other cases, however, this has not been true. Indeed, the deficiency in a few cutting rooms has been greater than ever and in spite of disciplinary action taken. The failure of the standards to work out efficiently appears to be due chiefly to the fact that many of the cutters on the floor have never been able and were never expected to be able to reach the standard or average set for the group; that some of the cutters, whether fast or slow, have felt no obligation to the group; and that many of the faster men have felt that they should not cut more than this standard or average, in order to offset the deficiency of their fellows when they were paid only or little more than the minimum wage. Indeed, in a few extreme cases there has been a feeling, or something more, that the faster men should not produce much, if any, more than the slower men. Then, too, the fear of lay-offs and consequent loss of earnings has not been without effect. And, on the other hand, there have been instances where, with the turnover of labor, slow men have been added to the force and retained after the usual probationary period so that the standards or averages ceased to be suitable. Moreover, here and there the distribution of work among the cutters or the system of recording production, or both, have been changed by the management with the same result.

From a large number of houses in which no standards have been set, the complaints of fifteen months ago continue. In some cases the complaints are well-founded.

This situation, briefly described, has given rise to much feeling on the part of workers and management and to much friction between them. Moreover, the numerous cases arising are burdensome to and difficult for the Trade Board and Cutters' Commission. Without question, the situation in certain cutting and trimming rooms has developed the most difficult problem under the agreement.

The Manufacturers have asked for "automatically enforcable standards of production" in cutting and trimming rooms. As understood by the Chairman, they desire a change from the group standards set in a part of the cutting rooms to individual standards under which each cutter or trimmer would be paid for a short period, say three weeks, according to his production during the period just closed, and to have these individual standards of wages and production set in all cutting and trimming rooms where the work is of such nature that standards can be set.

As seen by the Chairman, the system requested amounts to a piece work system under which the worker would be paid, not for the quantity of work turned out during the pay roll week, but according to the quantity turned out during an earlier period. In the opinion of the Chairman, such a system would be undesirable from the point of view of both management and workers. On the one hand, it would give rise to problems of quality, of yardage, of disinclination to do certain kinds of work on which the worker felt that he could not make as good a record as on some other. On the other hand, it would be regarded as unfair by workers because the allowances could never be made exact; the work cannot always be divided evenly among the workers; it is easily possible to change the quality of work required or the conditions under which it is done; it is very difficult to make allowances for time lost through no fault of the worker; and, in special order houses especially, there is frequent waiting for work. For these reasons and the further reason that considerations other than output should have weight, the Chairman is of the opinion that cutting in this market is not a piece work job. Nor can there in any strict sense of the term be "automatically enforceable standards."

Yet, the Chairman is of the opinion that some of the cutting and trimming rooms present a problem which calls for solution in the interests of the manufacturers, workers and impartial machinery. In his opinion the solution will be found in establishiig a closer relation between work done and wages. This opinion is shared by all conferred with, including an advisory committee of cutters. A standard and a proper wage should be set for a fair day's work for the average cutter, and the faster and the better, more economical men should be paid more, and the slower, less good men should be paid less, with some allowance being made for length of service. A closer approach to justice calls for this; experience shows the necessity for it.

The Chairman is of the opinion that $45.00 per week is none too much at this time for a good, average cutter. The majority of cutters are mature men with families to support from their earnings. As tested by what other union men of comparable ability, training and responsibility receive in Chicago, the wage of $45.00 is not a high one. Moreover, the cutters have not advanced as rapidly in wages as have their fellows in the tailor shops. The Board will therefore not rule with reference to cutters' wages in such a manner as to compel any reduction in the average received.

The Chairman directs:

(a) That the two cutters' commissions shall proceed as rapidly as possible to fix standards of production in the cutting rooms where

standards have not been set and to revise existing standards at those points where experience has shown the necessity for such revision. These standards shall be sufficiently detailed to cover all important variations in work.

(b) That one month from this date or one month after standards have been set and approved, as the case may be, these commissions shall group the cutters in each house into five classes, to be known as A, B, C, D and E.

(c) That class A shall include those who for a period of one month produce 115 per cent or more of the standard; that class B shall include those who produce 105 or more but less than 115 per cent; that class C shall include those who produce 95 or more but less than 105 per cent; that class D shall include those who produce 85 or more but less than 95 per cent; and that class E shall include those who produce less than 85 per cent.

(d) That in all cases cutters on special work shall be rated suitably in view of the nature of their work and their efficiency.

(e) That the wages of class A cutters shall be $49.00 per week; of class B cutters $47.00; of class C cutters $45; of class D cutters $43.00; of class E cutters $41.00. Provided, however, that in no event shall any cutter in the classification made in accordance with (b) above be reduced more than $4.00 per week. Provided, further, that no cutter who has been employed in a house for five years or more shall be reduced below $43.00 per week.

(f) That a cutter's wage shall be increased or reduced by the cutters' commissions for increased or reduced production for a period of four weeks, so as to maintain proper classification, but due allowance shall be made for loss of time due to waiting for work, damages, yardage used, and other things that in justice must be taken into consideration in this connection.

The Board, with the cooperation of the parties in interest, will establish such machinery as may be necessary for the administration of the above.

The Chairman makes no change in the minimum scale or the wages of apprentices in cutting rooms. Questions with reference to the application of the existing scale to apprentices are left as hitherto to the Trade Board or the Board of Arbitration.

The two commissions shall proceed to set production standards in trimming rooms where more than a few are employed when the task of setting cutters' standards has been completed. The Board will at the same time set standards of wages. It expressly reserves the right to order such changes in wages as may be required to secure proper

standards as between the several houses in the market. Until standards of production and wages are set and placed in effect, the Chairman directs that the wages of trimmers and other workers in trimming rooms shall be reduced five per cent (5%), but in no event shall any wage be reduced below the sum of $15.00 per week. This reduction shall be effective the beginning of the pay-roll week on or following April 28, 1921.

(Signed) H. A. MILLIS, *Chairman.*

April 11, 1921.